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External trade

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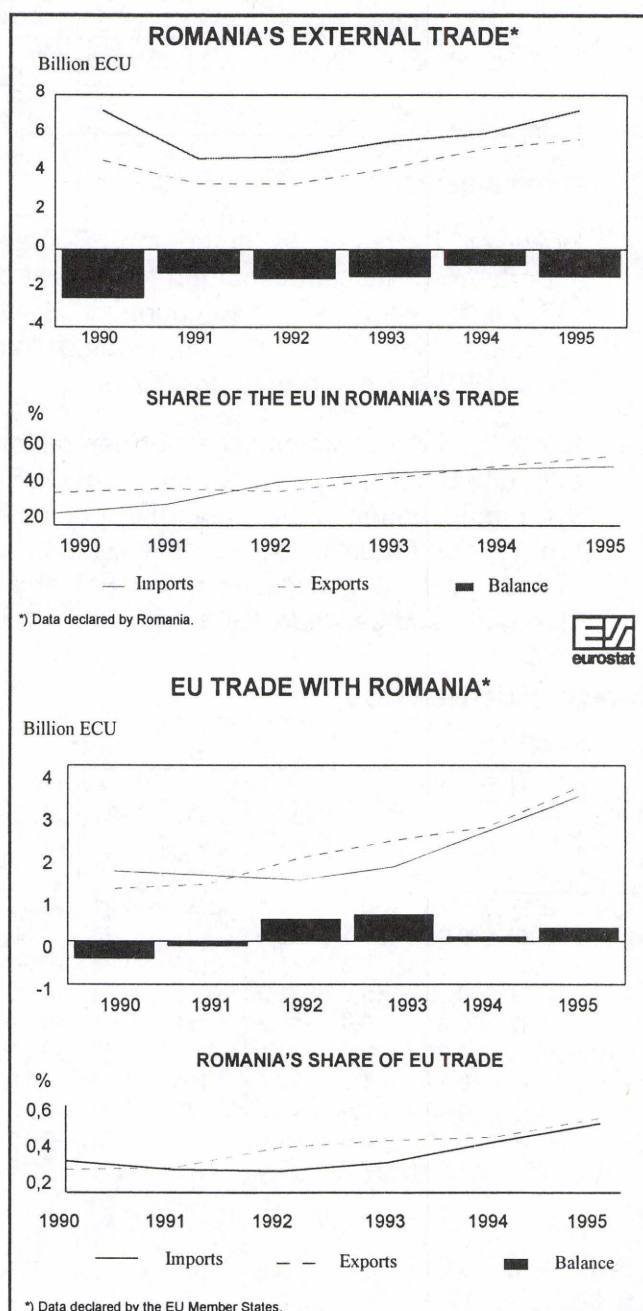
ROMANIA'S EXTERNAL TRADE

Part I: Summary

I.1 Following the political changes in Romania, the country's *trade with the rest of the world* at first fell substantially in 1990 and 1991, then stabilised in 1992. From 1993 to 1995 trade picked up considerably, increasing at an annual rate of 16.3% a year. Romania's integration into world trade was accompanied by a geographical shift in its trading pattern, mainly to the benefit of the European Union.

I.2 *The European Union's trade with Romania* grew steadily between 1990 and 1995 (at an annual rate of 16.6%). This was partly explained by the implementation of a series of trade agreements signed by the two parties. In particular, the Interim Agreement came into force in 1993 as a precursor to the Europe Agreement. Although the Union's trade with Romania was less dynamic than trade with the other Central and Eastern European Countries (CEECs), the rate of growth was much higher than that of extra-Community trade from 1993.

As regards the products traded, EU imports of steel products, shoes and furniture and EU exports of machinery formed a large part of the EU's trade with Romania, after trade in textile products for processing. The EU exports primarily textile yarns and fabrics used in the production of clothes, which themselves account for the major part of EU purchases.



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Part II: Romania's trade with the rest of the world

II.1: Romania's trade by main partner country

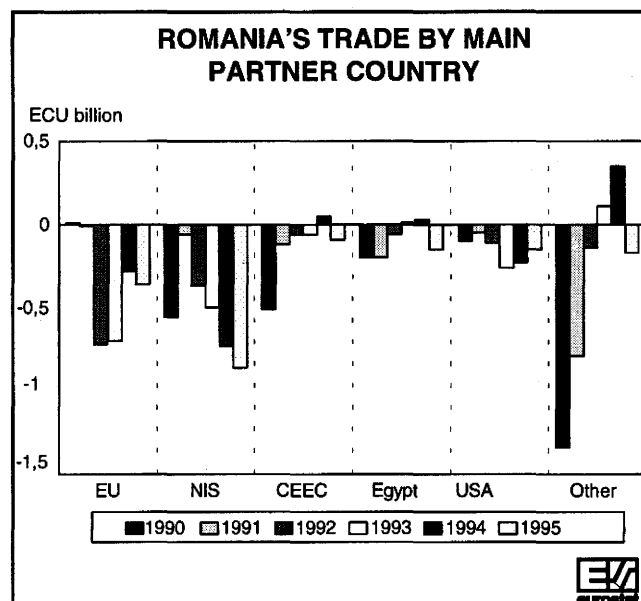
With imports amounting to ECU 7 billion and exports worth almost ECU 6 billion in 1995, i.e. around 0.2% of world trade, Romania was in about 40th position in international trade. It accounted for 8.5% of the external trade of the CEECs.

The political changes in Romania at the beginning of the decade were accompanied by a drop in GDP and a substantial reduction in Romania's trade, which fell by 31% in 1991 compared with 1990, before stabilising in 1992.

Between 1993 and 1995, trade began to rise considerably, at an annual rate of 14.5% for imports and 18.8% for exports. Romania's economy has opened up steadily since the beginning of the decade, with imports rising from 23.8% to 26.5% of GDP between 1990 and 1995 and exports from 15.3% to 21.2%.

Since the dissolution of the Council for Mutual Economic Assistance (CMEA), Romania's trade has shifted geographically. The EU's share of Romania's trade has increased considerably, rising from 24.6% to 48.2% between 1990 and 1995, while that of its former main partners (the CEECs and the former USSR) fell substantially (from 37.3% to 17.3%).

Accounting for more than 7% of Romania's trade in 1995, Russia was a more important trading partner for Romania than all the CEECs



taken together.

However, it should be noted that Romania's imports from Russia accounted for almost 90% of trade between these two countries. By way of comparison, this figure in relation to the other CEECs amounted to only 57%.

Romania reduced its balance-of-trade deficit by over one billion - from 8.5% to 5.3% of GDP - in the period under study. Nevertheless, despite the general reduction in the deficit, the surplus of imports by Romania from the EU and the NIS increased between 1990 and 1995.

ROMANIA'S TRADE BY MAIN PARTNER COUNTRY

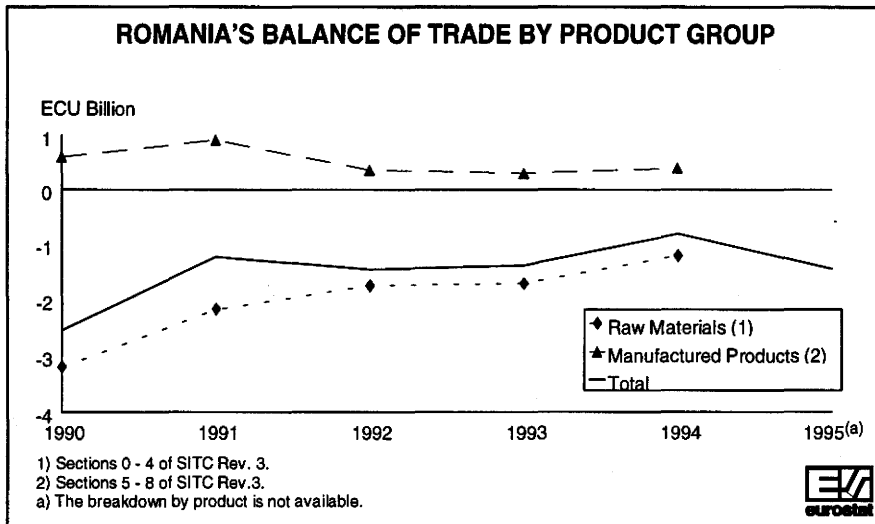
(ECU billion)

Partners	Imports					Exports					Balance			
	1990	1994	1995	95/94		1990	1994	1995	95/94		1990	1994	1995	95/94 Value
				Share (%)	Var. (%)				Share (%)	Var. (%)				
World	7,16	5,98	7,19	100,0	20,4	4,61	5,17	5,75	100,0	11,2	-2,55	-0,81	-1,45	-0,64
EU	1,44	2,66	3,29	45,8	23,8	1,45	2,38	2,94	51,1	23,4	0,01	-0,28	-0,36	-0,07
Germany	0,85	1,07	1,23	17,1	14,7	0,51	0,83	1,02	17,8	23,3	-0,34	-0,24	-0,21	0,04
Italy	0,08	0,71	0,95	13,2	34,6	0,41	0,67	0,90	15,6	34,0	0,32	-0,04	-0,06	-0,02
CEEC's ¹	1,04	0,32	0,41	5,6	27,5	0,53	0,37	0,31	5,4	-15,9	-0,51	0,05	-0,09	-0,15
NIS ^{1,2}	1,70	1,07	1,19	16,5	10,5	1,12	0,35	0,32	5,6	-7,1	-0,56	-0,73	-0,86	-0,14
Russia	NA	0,83	0,91	12,6	9,9	NA	0,17	0,11	1,9	-36,7	NA	-0,65	-0,80	-0,15
Egypt	0,26	0,10	0,30	4,1	188,4	0,06	0,13	0,15	2,6	14,0	-0,20	0,03	-0,15	-0,18
United States	0,37	0,39	0,30	4,2	-23,3	0,27	0,16	0,15	2,6	-9,5	-0,10	-0,23	-0,15	0,08
Other	2,35	1,44	1,7	23,6	18,1	1,18	1,78	1,88	32,7	5,6	-1,17	0,34	0,18	-0,16
MEMORANDUM														
Share in:														
GDP	23,8	23,6	26,5	-	12,3	15,3	20,4	21,2	-	3,9	-8,5	-3,2	-5,3	-
CEEC trade	15,7	8,6	8,5	-	-1,2	10,6	8,7	8,3	-	-4,6	-	-	-	-
World trade	0,37	0,22	0,24	-	9,1	0,25	0,20	0,20	-	0,0	-	-	-	-

1) See Annex for the definition of CEEC's and the NIS (New Independent States of the former USSR).

2) URSS in 1990.

II.2: Romanian trade by product



When this issue of *Statistics in Focus* went to press, the figures broken down by product were not yet available for 1995.

The development of Romania's overall trade deficit between 1990 and 1994 mainly reflects the relatively high trade deficit in raw materials (SITC 0-4). On the other hand, in the same period, trade in manufactured products (SITC 5-8) always remained in surplus, but at a more balanced level.

ROMANIAN TRADE BY PRODUCT GROUP

(ECU Billion)

Product Group (SITC Rev. 3)	Imports				Exports				Balance	
	1990		1994		1990		1994		1990	1994
	value	share%	value	share%	value	share%	value	share%	value	
Total (0-9)	7,16	100	5,98	100	4,61	100	5,17	100	-2,55	-0,81
Raw materials (0-4)	4,22	58,9	2,28	38,1	1,01	22,0	1,07	20,7	-3,20	-1,21
Food, beverages & tobacco (0-1)	0,75	10,5	0,51	8,5	0,05	1,1	0,28	5,4	-0,70	-0,22
Crude materials (2-4)	3,47	48,5	1,77	29,7	0,96	20,9	0,79	15,3	-2,51	-0,98
Manufactured products (5-8)	2,91	40,7	3,63	60,7	3,52	76,3	4,03	77,9	0,60	0,40
Chemicals(5)	0,53	7,4	0,54	9,1	0,30	6,5	0,50	9,6	-0,23	-0,05
Machinery & transport equip. (7)	1,58	22,0	1,51	25,3	1,35	29,3	0,74	14,3	-0,23	-0,77
Miscellaneous manuf. goods (6+8)	0,80	11,2	1,58	26,4	1,87	40,6	2,79	54,0	1,07	1,21
Other goods n.c.a. (9)	0,03	0,4	0,07	1,2	0,08	1,7	0,07	1,4	-1,25	-0,8

ROMANIAN IMPORTS BY MAIN PRODUCTS, 1994

SITC Rev. 3	Description des produits	Value (ECU Billion)	Share of imports (%)	
				Cumulated
33	Petroleum, petroleum products	0,88	14,8	14,8
65	Textile yarn, fabrics, made up articles	0,52	8,7	23,5
72	Machinery specialized for particular industries	0,40	6,6	30,1
34	Gaz, natural & manufactured	0,31	5,2	35,3
77	Electrical machinery & appliances	0,25	4,2	39,5

ROMANIAN EXPORTS BY MAIN PRODUCTS, 1994

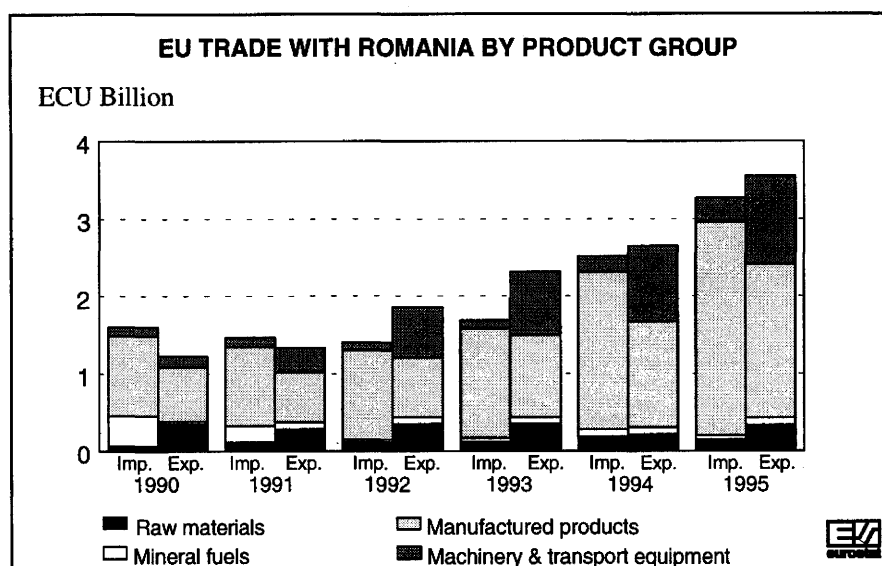
SITC Rev. 3	Description des produits	Value (ECU Billion)	Share of exports (%)	
				Cumulated
84	Articles of apparel & clothing	0,84	16,2	16,2
67	Iron & steel	0,67	12,9	29,1
33	Petroleum, petroleum prod.	0,51	9,9	39,0
82	Furniture & parts thereof	0,33	6,5	45,5
85	Footwear	0,26	5,0	50,5

The share of Romania's raw material imports in total trade fell considerably (by 20.8 points between 1990 and 1994) to the benefit of manufactured products. Over the same period and at this level of aggregation, the structure of Romania's exports by product group remained stable.

At a more detailed level (SITC two digits), it can be seen that the product group comprising textile yarn, fabric and made-up articles (SITC 65) was Romania's biggest purchase after oil. These products were imported for processing, and constitute the basic materials for the manufacture of clothing (SITC 84), Romania's main export.

Part III: EU trade with Romania

III.1: The EU's balance of trade with Romania



The analysis of bilateral trade between the European Union and Romania presented in this part is seen from the point of view of the EU, since it is based on the data submitted by the Member States.

Successive trade agreements signed by the two partners have had a positive impact on the liberalisation and intensification of their trade. Trade between the Union and Romania increased by a factor of 2.4 between 1990 and 1995. Nevertheless, Romania was still only the 38th partner of the EU in 1995, accounting for 0.67% of EU trade.

BALANCE OF EU TRADE WITH ROMANIA BY PRODUCT GROUP

Product group (SITC-Rev.3)	1990	1994	1995	1990	1994	1995
	Billion ECU			CR=(Imp/Exp)*100 ^a		
TOTAL (0-9)	-0,38	0,14	0,29	76	106	109
Raw materials (0-4)	-0,08	0,05	0,18	84	122	182
Food, beverages & tobacco (0+1)	0,22	0,08	0,14	719	193	256
Crude materials except fuels (2+4)	0,07	-0,02	0,00	302	75	97
Mineral fuels (3)	-0,36	-0,01	0,04	9	89	173
Manufactured products (5-8)	-0,38	0,04	0,06	66	102	102
Chemicals (5)	0,16	0,09	0,15	413	171	184
Machinery & transport equipment (7)	0,04	0,73	0,86	136	439	379
Miscellaneous manufact. goods (6+8)	-0,59	-0,79	-0,95	39	58	62
Other goods n.c.e.(9)	0,08	0,05	0,04	892	247	209
MEMORANDUM ITEM						
EU balance of trade	-46,1	-1,3	1,5	93	100	103
EU balance of trade with the CEEC	-0,92	6,49	7,72	93	119	119

a) CR = Cover ratio %.

EU BALANCE OF TRADE WITH ROMANIA BY PRODUCT (ECU Billion)

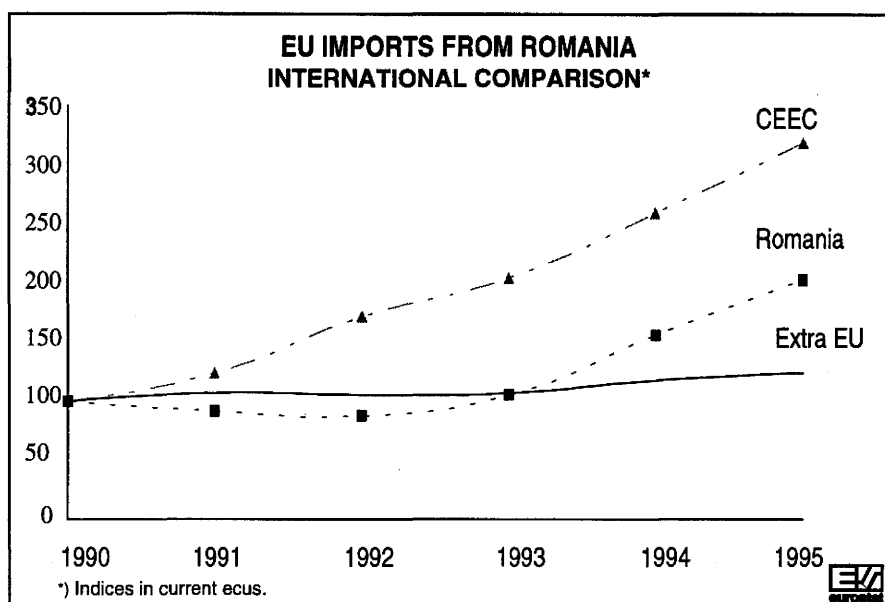
SITC Rev.3	Products	1990	1994	1995
LARGEST SURPLUSES				
65	Textile yarn, fabrics, made-up articles	0,11	0,40	0,54
72	Mach. specialized for part. industries	0,02	0,27	0,32
74	General industrial mach. & equipment	-0,01	0,12	0,15
61	Leather, leather manufactures	0,01	0,07	0,11
77	Electrical mach. & appliances	0,01	0,07	0,10
LARGEST DEFICITS				
84	Articles of apparel & clothing access.	-0,29	-0,68	-0,81
67	Iron & Steel	-0,05	-0,19	-0,31
82	Furniture, bedding	-0,24	-0,23	-0,23
68	Non-ferrous metals	-0,03	-0,13	-0,22
85	Footwear	-0,03	-0,14	-0,21

In the first half of this decade, EU trade was in surplus in relation to Romania as from 1992 because of a strong increase in exports (39.3%) that year. The substantial increase in EU imports from Romania in 1994 reduced that surplus. However, the surplus more than doubled in 1995 compared with 1994.

The EU surplus in trade in raw materials (SITC 0-4) with Romania amounted to ECU 180 million in 1995, compared with around ECU 60 million for manufactured products (SITC 5-8). At this level of aggregation, only miscellaneous manufactured goods (SITC 6+8) showed an EU deficit in relation to this partner.

At the two-digit level of the classification, the values of the trade balances reflect the processing carried out in Romania's textile sector. The largest EU trade surplus in relation to Romania in 1995 was in textile yarn, fabrics and made-up articles (SITC 65) and the largest deficit was in articles of apparel (SITC 84).

III.2 EU Imports from Romania



As from 1993, Community imports from Romania began to rise considerably (at an annual rate of 32.5% between 1992 and 1995). With an average annual growth rate of 15.2% between 1990 and 1995, they were stronger than extra-Community imports (+ 4.4%), but grew on average more slowly than EU purchases from all the other CEECs taken together (+ 26.1%).

The product breakdown of EU imports from Romania changed between 1990 and 1995. The share of raw materials (SITC 0-4) in the total fell considerably, dropping from almost 30% in 1990 to about 7% in 1995, to the benefit of manufactured products (SITC 5-8), the share of which in the same period rose from 70% to 92%. The considerable drop in purchases of raw materials from Romania was mainly due to the collapse of purchases of mineral fuels (SITC 3), the share of which in total imports from Romania fell to 2% in 1995, after being at almost 25% in 1990. Despite their relatively low level, Community purchases of chemicals (SITC 5) from Romania were particularly dynamic, their share in total imports doubling over the period studied.

EU IMPORTS FROM ROMANIA BY PRODUCT GROUPS

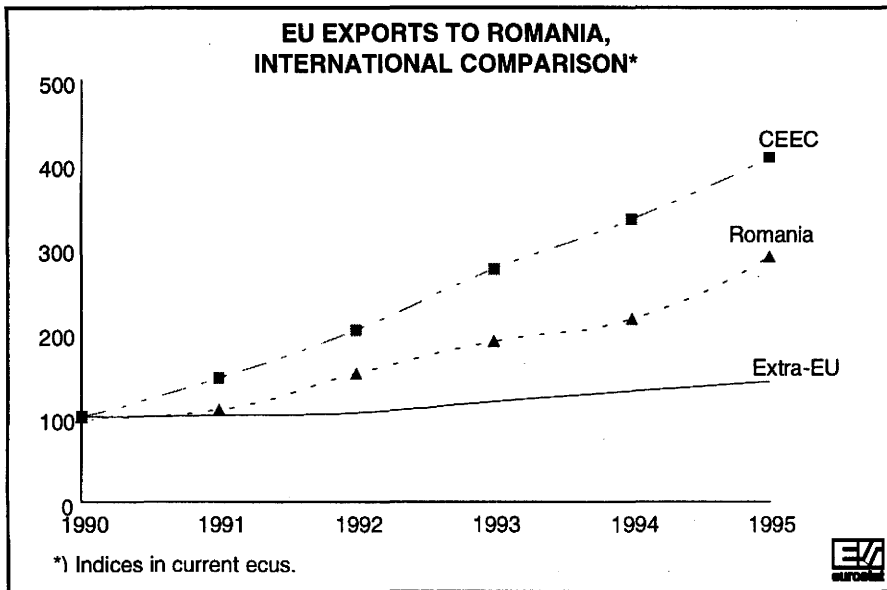
Product group SITC-Rev.3	1990	1994	1995	Share 1995	95/94	95/90
	ECU Billion			%	% variation p. year	
TOTAL (0-9)	1,60	2,51	3,26	100	30,0	15,2
Raw Materials(0-4)	0,46	0,24	0,22	7	-6,1	-13,7
Food, beverages & tobacco (0+1)	0,04	0,09	0,09	3	7,7	21,4
Crude materials except fuels (2+4)	0,03	0,08	0,07	2	-3,2	16,9
Mineral fuels (3)	0,40	0,08	0,06	2	-24,9	-32,2
Manufactured products(5-8)	1,13	2,24	3,00	92	33,9	21,5
Chemicals (5)	0,05	0,13	0,18	6	41,7	28,3
Machinery & transport equipment (7)	0,11	0,22	0,31	9	42,6	22,4
Miscellaneous manufact.goods (6+8)	0,97	1,90	2,51	77	32,4	21,0
Other goods, n.c.e.(9)	0,01	0,03	0,04	1	25,2	32,0

EU IMPORTS FROM ROMANIA BY MAIN PRODUCTS, 1995

SITC Rev.3	Products	Value	Annual Variation	Share in import by product (%)	
		ECU Billion	%		cumul
84	Articles of apparel	0,97	22,3	29,6	29,6,
67	Iron & Steel	0,37	68,7	11,4	41,0,
85	Footwear	0,31	37,6	9,4	50,4,
82	Furniture, bedding	0,27	6,3	8,2	58,6,
68	Non-ferrous metals	0,23	71,9	7,2	65,8,

At two-digit level of the classification, articles of apparel (SITC 84) were the main EU purchase from Romania in 1995, followed by steel products (SITC 67) (11.4%), footwear (SITC 85) (9.4%) and furniture (SITC 82) (8.2%).

III.3: EU exports to Romania



EU EXPORS TO ROMANIA BY PRODUCT GROUP

Product Group SITC-Rev.3	1990	1994	1995	Share 95	95/94	95/90
	ECU Billion			%	% variation p.a.	
TOTAL (0-9)	1,23	2,65	3,55	100	34,0	23,7
Raw Materials (0-4)	0,39	0,29	0,41	11	39,9	0,8
Food, beverages and tobacco (0+1)	0,25	0,17	0,24	7	42,3	-1,3
Crude materials except fuels (2+4)	0,10	0,06	0,07	2	25,6	-6,9
Mineral fuels (3)	0,03	0,07	0,10	3	46,1	22,8
Manufactured products(5-8)	0,75	2,28	3,06	86	34,3	32,5
Chemicals(5)	0,21	0,22	0,33	9	51,8	9,1
Machinery & transport equipment (7)	0,15	0,95	1,17	33	23,1	50,2
Miscellaneous manufactured goods (6+8)	0,38	1,11	1,56	44	40,4	32,5
Other goods, n.c.e. (9)	0,09	0,08	0,08	2	5,5	-1,3



EU EXPORTS TO ROMANIA BY MAIN PRODUCTS, 1995

SITC Rev.3	Products	Value	Annual Variation	Share in exports by product (%)	
		ECU Billion	%		cumul.
65	Textile yarn, fabrics, made-up articles	0,60	32,5	17,0	17,0
72	Machinery specialized for particular industries	0,34	18,4	9,6	26,6
74	General industrial machinery and equipment	0,23	35,4	6,4	33,0
77	Electrical machinery appliances	0,19	32,6	5,4	38,4
84	Articles of apparel and clothing accessories	0,15	36,3	4,3	42,7



Except in 1994, EU exports to Romania always grew at a faster rate than EU imports to this country (an average annual growth rate of 23.7% compared with 15.2%). Nevertheless, although EU sales to Romania rose at a higher rate (23.7% annually) than extra-Community exports (7.2%), on average they rose less rapidly than EU exports to all the other CEECs (32.4%).

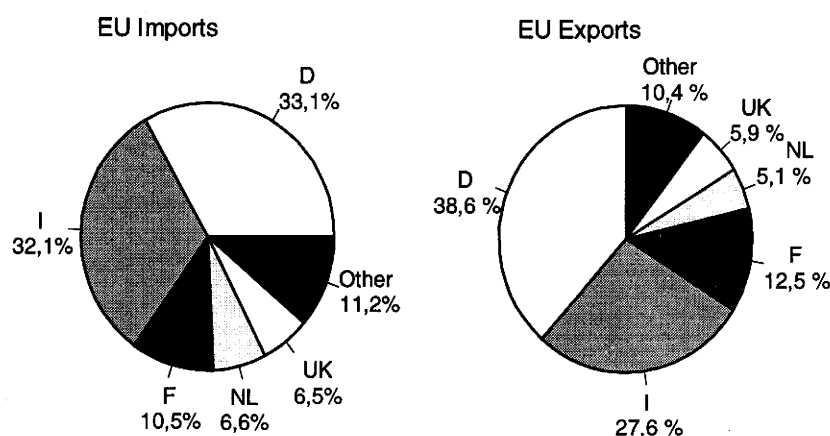
EU sales to Romania were largely concentrated on manufactured products (SITC 5-8). Their share in total exports, which was already high in 1990 (61%), reaching 86% in 1995. As a result of the Romanian economy's restructuring requirements, Community exports of machinery and transport equipment (SITC 7) to Romania grew most rapidly in the first half of the decade.

In the same period, the proportion of sales of raw materials (SITC 0-4), which had stood at almost 32% in 1990, fell substantially to around only 11% in 1995. The stagnation of EU exports of food, beverages and tobacco (SITC 0-1) to Romania led to a drop in this product group's share of total EU sales between 1990 and 1995 from over 20% to 7%.

Textile yarn, fabrics and made-up articles (SITC 65) intended for the manufacture of clothes (SITC 84) were the main products sold by the EU to Romania in 1995, accounting for 17% of total exports, ahead of industrial machinery and equipment.

III.4:EU Trade with Romania by Member State.

EU TRADE WITH ROMANIA BY MEMBER STATE, 1995

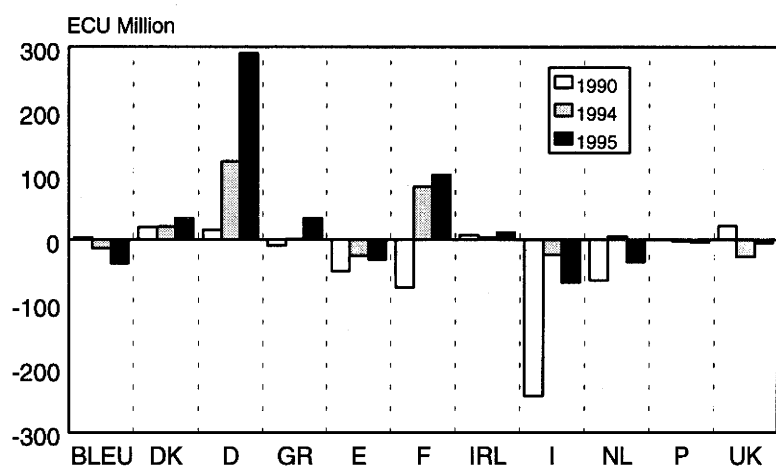


In 1995, Germany was Romania's main trading partner in the EU, accounting for 35.9% of EU trade with that country, followed by Italy (29.7%) and France (11.5%).

All the countries improved their trade balances with Romania between 1990 and 1995, except for the Belgian Luxembourg Economic Union (BLEU) and the United Kingdom. Although overall trade between the EU and Romania was in balance in 1995, Germany and France had surpluses of ECU 290 million and ECU 100 million respectively. In the first half of the decade, Italy reduced its deficit in relation to Romania from ECU 243.5 million to ECU 67.1 million.

Within the EU, the BLEU had the highest increase in imports from Romania between 1990 and 1995 with an annual rate of +28.5%. Over the same period, Italy accounted for the largest increase in Community exports to Romania, with a rise of almost 46% a year.

EU TRADE BALANCE WITH ROMANIA



EU TRADE WITH ROMANIA BY MEMBER STATE

(ECU Million)

Report. Coun- tries	EU Imports					EU Exports					Balance of EU			
	1990	1994	1995	95/94		1990	1994	1995	95/94		1990	1994	1995	95-94
				Share (%)	Var. (%)				Share (%)	Var. (%)				Value
BLEU	42,7	82,7	148,2	4,5	79,2	45,1	69,1	111,2	3,1	60,9	2,4	-13,6	-37,0	-23,4
DK	7,3	8,4	12,7	0,4	52,1	25,8	28,5	45,6	1,3	60,3	18,5	20,1	32,9	12,8
D	528,3	922,0	1079,2	33,1	17,0	543,4	1044,3	1369,6	38,6	31,2	15,1	122,3	290,4	168,1
GR	56,7	77,9	100,9	3,1	29,5	46,6	78,2	134,2	3,8	71,6	-10,0	0,3	33,3	33,0
E	71,4	66,4	93,8	2,9	41,3	21,8	41,7	62,7	1,8	50,5	-49,7	-24,7	-31,1	-6,4
F	266,6	261,0	340,9	10,5	30,6	191,8	342,9	441,9	12,4	28,9	-74,8	81,9	100,9	19,0
IRL	1,8	2,0	3,8	0,1	96,0	8,9	4,3	14,5	0,4	237,8	7,1	2,3	10,6	8,3
I	392,1	759,7	1046,3	32,1	37,7	148,6	735,6	979,2	27,6	33,1	-243,5	-24,0	-67,1	-43,1
NL	139,1	133,5	216,1	6,6	61,9	75,8	137,7	180,8	5,1	31,3	-63,3	4,2	-35,3	-39,5
P	2,4	5,9	6,7	0,2	14,5	2,1	3,1	2,6	0,1	-17,5	-0,4	-2,7	-4,1	-1,4
UK	96,2	189,3	213,2	6,5	12,6	117,3	161,8	207,8	5,9	28,4	21,1	-27,5	-5,4	22,2
EU12	1604,6	2508,7	3261,9	100,0	30,0	1227,1	2647,3	3550,2	100,0	34,1	-353,8	34,2	-0,3	-34,5

ANNEX

Romania's trade agreements

1. Chronology of agreements

- 1949: - creation of the Council for Mutual Economic Assistance (CMEA), including Romania as a member.
- 1971: - accession of Romania to GATT.
- 1974: - granting of the *System of Generalized Preferences*¹ by the Community to Romania.
- 1991: - signing of a *cooperation agreement* with the European Community to regularise relations between the two partners.
 - dissolution of the CMEA.
- 1993: - entry into force of the *Interim Agreement* as a precursor to the Europe Agreement signed that year between Romania and the EU.
- 1995: - Accession to the World Trade Organization (WTO).
 - entry into force of the *Europe Agreement*², with the aim of gradually establishing a free trade area between the signatories in less than ten years as from the entry into force of the Interim Agreement.

2. Contents of the commercial section of the Europe Agreement regarding industrial products³

- a) Concessions granted by the EU to Romania.

All the *quantitative restrictions* on imports were abolished. Export restrictions will no longer apply as from 31 December 1997 at the latest.

Customs duties on imports will be abolished at the latest five years after entry into force of the Interim Agreement, and on 1 January 2002 for textile products and steel.
- B) Concessions granted by Romania to the EU.

Romania abolished all *quantitative restrictions* on imports from the EU except for those on textile products.

Customs duties will gradually be abolished within a period of nine years following the entry into force of the Interim Agreement, except for textile products and steel.

¹⁾ The Generalized System of Preferences (GSP) consists of a series of unilateral tariff reductions which the EU usually applies to imports from developing countries.

²⁾ The Europe Agreement with Romania appears in the *Official Journal of the European Communities* L 357 of 31.12.94.

³⁾ As regards agricultural products, customs duties are subject to special stipulations. Quantitative restrictions have been abolished by the two signatories to the agreement.

Methodological note on the data used

The country aggregates: The **EU** refers to the European Union of Twelve, since the data on the new members (Austria, Finland and Sweden) were not yet available in sufficient detail when this issue of Statistics in Focus went to press.

The **NIS** (New Independent States of the former USSR) are: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldavia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

The **CEECs** (Central and Eastern European Countries) are: Albania, Bulgaria, Hungary, Poland, Romania, Czechoslovakia (from 1990 to 1992); plus, as from 1992 Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; plus, as from 1993, Serbia Montenegro and the former Yugoslav Republic of Macedonia.

Data sources: The data are from customs sources, the Romanian national statistical office for trade between Romania and the rest of the world, and Eurostat (Comext database) for bilateral trade between the European Union and Romania. Discrepancies between the two sources on figures concerning Romanian trade with the EU are partly explained by the use of different methodologies and concepts.

Classification and statistical values: third revision of the Standard International Trade Classification (SITC), produced by the United Nations for the purposes of economic analyses. CIF values are used for imports and FOB values for exports.